

Message Text

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PAGE 01 LAGOS 02318 121427Z

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ACTION XMB-04

INFO OCT-01 AF-06 ISO-00 EB-07 AID-05 IGA-01 OMB-01 CIEP-01

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8343

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E.O.: 11652: N/A

TAGS: EFIN, NI

SUBJ: ARREARAGE EXIMBANK CREDIT/GUARANTEES 2025, 3733

AND 3734, ABATEX

REF: STATE 022883

1. RESPONSIBLE MINISTRY OF FINANCE OFFICIALS HAVE ACKNOWLEDGED REPEATEDLY AND OVER A LONG PERIOD OF TIME THEIR ACCEPTANCE OF THE FMG'S OBLIGATION TO REDEEM ABATEX'S INDEBTEDNESS TO FNCB AND EXIM. PREPARATIONS FOR MAKING THESE PAYMENTS HAVE BEEN UNDERWAY FOR SOME TIME AND APPROVAL TO ALLOCATE FOREIGN EXCHANGE - VIRTUALLY THE LAST STEP BEFORE CHECK WRITING - HAS NOW BEEN GRANTED.

2. AT THE LAST MOMENT HOWEVER HITCH HAS DEVELOPED. MINFIN HAD BEEN REQUESTED BY MININDUSTRIES (WHICH NOMINALLY MANAGES ABATEX) AND AUTHORIZED BY THE FEDERAL EXECUTIVE COUNCIL TO MAKE LUMP SUM PAYMENT. HOWEVER, MINFIN WAS NOT PROVIDED BREAKDOWN OF THIS LUMP SUM INTO PRINCIPAL AND INTEREST AND INTO FNCB PORTION AND EXIM PORTION; MINFIN INSISTS IT CANNOT MAKE PAYMENT WITHOUT THIS INFO. HOWEVER, MININDUSTRIES, APPARENTLY HAPPY TO DUMP PROBLEM IN FINANCE'S LAP AND FORGET ABOUT IT, HAS SO FAR FAILED TO PROVIDE THE INFORMATION. TO REPEATED TELEPHONE CALLS AND OFFICIAL CORRESPONDENCE FROM MINFIN, MIN INDUSTRIES HAS REPLIED ONLY THAT IT DOES NOT HAVE THE INFORMATION AND THAT IT MUST BE OBTAINED FROM ABATEX. WHILE THERE IS NO GOOD REASON IT SHOULD TAKE MORE THAN FEW DAYS TO OBTAIN INFO FROM

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PAGE 02 LAGOS 02318 121427Z

ABATEX, WE KNOW FROM EXPERIENCE THAT THESE FEW DAYS MAY

BECOME WEEKS AND EVEN MONTHS. MOREOVER, EARLY RESOLUTION OF THE PROBLEM WILL NOT BE FACILITATED BY ACRIMONY WHICH APPARENTLY HAS SPRUNG UP BETWEEN THE TWO MINISTRIES OVER THIS MATTER.

3. IN MEANTIME, MANAGING DIRECTOR OF CITIBANK NIGERIA TIM REED HAS RECEIVED WORD FROM HIS HOME OFFICE THAT DEFAULT WILL BE DECLARED IF PAYMENT NOT RECEIVED BY MARCH 25 UNLESS REED ENTERS STRONG OBJECTION. REED PLANS TO OBJECT BUT MAY ALSO REPORT THAT WHEN HE RECENTLY CALLED ON MINFIN DEP PERMSEC ALHAJI LATTER SAID HE HAD WASHED HIS HANDS OF THE AFFAIR AND THAT IF REED WANTED TO BE PAID HE SHOULD GO SEE MININDUSTRIES. HOWEVER, AS WE HAVE PIECED TOGETHER STORY ALHAJI WAS APPARENTLY IN A FIT OF PIQUE OVER INDUSTRIES' LACK OF COOPERATION AND REED JUST HAPPENED TO WALK IN AT THE WRONG MOMENT. WHILE MINFIN UNDOUBTEDLY WISHES IT COULD WASH ITS HANDS OF ABATEX IT WILL NOT BE ABLE TO DO SO, AND IN OUR LATER CONVERSATIONS WITH MINFIN OFFICIALS, THESE INDICATED CONTINUING ACCEPTANCE OF OBLIGATION AS GUARANTOR.

4. REED IS CABLING FNCB NEW YORK TO REQUEST FURTHER DELAY UNTIL APRIL 30. WHILE THIS IS MORE THAN AMPLE TIME TO PROVIDE NEEDED DATA, POSSIBILITY THAT MINFIN WILL SEEK TO "DISCIPLINE" MININDUSTRIES MAKES IT MORE DIFFICULT THAN NORMAL TO PREDICT WHEN PAYMENT WILL BE MADE. WE WILL ATTEMPT TO PERSUADE INDUSTRIES TO PROVIDE THE INFO TO MINFIN AS QUICKLY AS POSSIBLE AND HOPE FINANCE WILL WORRY ABOUT SETTTLING INTERMINISTERIAL SCORES AFTER IT HAS CLEARED UP THIS LONG OVERDUE DEBT RATHER THAN BEFORE. NONE OF THE FOREGOING HAS ALTERED THE EMBASSY'S CONCLUSION THAT EVENTUALLY THIS DEBT WILL BE PAID IN FULL AND WE HAVE REASON TO HOPE PRIOR TO APRIL 30.

5. ACTION REQUESTED: EXIM PLEASE PROVIDE EMBASSY WITH BREAKDOWN OF TWO LOANS INTO EXIM AND CITIBANK PORTIONS PRINCIPAL AND INTEREST.
CROSBY

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